



**STATE OF CONNECTICUT
JUDICIAL BRANCH**

EXTERNAL AFFAIRS DIVISION

231 Capitol Avenue
Hartford, Connecticut 06106
(860) 757-2270 Fax (860) 757-2215

**Testimony of Deborah J. Fuller
Judiciary Committee Public Hearing
March 3, 2010**

**Senate Bill 225, An Act Concerning the Duties of a Mortgagee in a
Foreclosure Action on Residential Real Property**

Thank you for the opportunity to testify, on behalf of the Judicial Branch, on Senate Bill 225, *An Act Concerning the Duties of a Mortgagee in a Foreclosure Action on Residential Real Property*.

The Judicial Branch supports the requirement in this proposal that the mortgagee provide contact information for an individual who has the authority, on behalf of the mortgagee, to negotiate the terms of the mortgage agreement. One of the issues we are having in the Foreclosure Mediation Program is that communication with the large national servicers and banks is difficult, and the process to get agreement on a proposed settlement often takes multiple mediation sessions and many months. This bill would significantly address that in the following ways:

- If a lender contact is given and that person is able to be reached prior to mediation, the first stage of the resolution process (paperwork submission) could begin sooner;
- If a lender is in receipt of requested information from the borrower, the first mediation session could be more productive, allowing for a possible resolution of the foreclosure in fewer mediation sessions;
- Currently the first, if not the first few, mediation sessions are spent coordinating the exchange of financial documents to the appropriate contact person at the lender;

- If the same lender contacts were to retain authority over a borrower's loan throughout the resolution/modification process, fewer mediation sessions would be necessary and the sessions held would be more productive;
- Having a consistent lender contact provides an element of lender accountability for both the borrower and the court; and
- Fewer and more productive mediation sessions would better utilize the resources of the Judicial Foreclosure Mediation Program and lessen the burden and stress level placed on homeowners.

Regarding the "enforcement" portion of the bill, we would respectfully suggest that allowing foreclosure and deficiency judgments to be delayed or not entered if the judge finds that the mortgagee "(3) failed to agree in good faith to a reasonable mortgage forbearance agreement or any other reasonable material modification of the terms of the mortgage agreement," would unfairly penalize a litigant for failing to settle a case. Our experience tells us that allowing these remedies on a finding that the mortgagee has (1) failed to provide notice in accordance with subsection (b) of this section" and "(2) failed to respond within a reasonable amount of time to a request from the mortgagor to renew, refinance or restructure the mortgage agreement in connection with a workout situation" would be sufficient incentive for the lenders to comply with the new requirements imposed by the proposal.

Thank you for your consideration.